



Stock Details	
BSE Code	511072
NSE Code	DEWANHOUS
Face Value (Rs)	10.00
52 Wk High (BSE)	93.40
52 Wk Low (BSE)	57.05

Key Statistics		
	FY 07	FY 06
Sales	35681.4	24472.3
PAT	5152.09	4361.5
Equity	5012.25	5012.25
Mkt Cap.	30725.0	32679.8
Mkt Cap / Sales	0.86	1.33

Company Profile

Dewan Housing Financial Ltd (DHFL) is a housing finance company that was incorporated in 1984. The Founder Chairman Rajesh Kumar Wadhawan had a vision to provide access to housing finance to lower and middle income Indians. It is only the second housing finance company set up in India. In the beginning it disbursed funds from its own equity contribution and had a return on equity of less than 8% at a time when the interest rates were about 18%. Over two decades later, it is still profitably perusing the vision of its Founder intended it to do. It has disbursed loans amounting to over 53 billion, its non performing assets are the lowest in the Industry.

Today, it has an asset base of over Rs. 3,580 crores, with a strong presence across India through its 54 branches and 111 service locations. It caters to a large section of Indians working in the Middle East through its overseas branch in Dubai. During the year, new branches were opened in Maharashtra at Jalgaon, Parbhani, Ahmednagar and Solapur and in Madhya Pradesh at Khargone and close to 200 district locations in India are to be covered.

Major Trigger: Promoter has converted 33 lakh warrants at Rs.75 per share recently.

Fair Value per share = Rs.164.5

Year (Rs. Mn.)	Sales	PBDT	PAT	NPM %	EPS	P/E
FY 2008-09E	50399.98	10600.31	8117.16	16.11	13.41	5.44
FY 2007-08E	44601.75	8876.11	6767.05	15.17	11.18	6.52
FY 2006-07	35681.40	6844.19	5152.05	14.44	9.85	6.22

About the Business

Products

- Company provides different kinds of Home loans viz (a) Home Loan (b) Home Extension Loan (c) Home Improvement Loan (d) Care Taker Loans - For NRIs.
- Plot loans
- Mortgage loans
- Reverse Mortgage loans - For the first time in India, the company has launched a reverse mortgage loan scheme viz 'Saksham' for senior citizens. In this method people can monetize the residential property and can avail loan against their houses, with no obligation to return the money in their lifetime, with the option to redeem the loan outstanding at any time during their lifetime.
- Sampoorna Rakshak – It is a unique triple protection insurance plan this insurance plan has been arranged in association with Cholamandalam MS General Insurance Company Limited (Chola Insurance). The company offers Sampoorna Rakshak to its customer FREE of cost.
- Focused schemes - Another of the major achievements of the company has been their ability to create tailor made schemes for specific customers clusters. The idea of cluster marketing helps the company to mitigate the risk which it is exposed to. The company has successfully implemented these "focused schemes" in Gujarat, Tamil Nadu & Kerala now after the success of these schemes the company is planning to implement it on a larger scale.

About the Business

Future Outlook...

Interest upward movement during the year due the tight liquidity situation created in the money market. Hence the year 2007- 08 will be a more challenging year for all HFC's and the Banks. When the interest rates are more, to that extent purchasing power is reduced. So the company will not be able to sustain its growth at the previous years rate.

Risk & Concern...

- The Housing Finance Industry has witnessed the entry of financial Institution and major banks in the last few years. These Institutions have access to cheaper funds and are therefore able to lend to the customers at a lower rate. There is an intense competition in the industry which may squeeze the margins.
- Private Housing Finance Companies has a different set of regulations as compared to Banks. This acts as a major hindrance in obtaining cheaper source of funds and competing with banks on the interest rate front and consequently affects the market share adversely.
- Any slowdown in housing sector due to hard interest rate regime may in future find few takers for company's home loan products.

Reverse Mortgage Loan Scheme

Company's new launched a new product "Saksham", under the Reverse Mortgage Loan Scheme will be very beneficial for the company. Also with a cut in the U S Fed rates will lead to a boom in the housing sector in India which in turn will lead to an increase in the housing loan sector. This segment provides strategic electronic solutions to defence.

About the Business

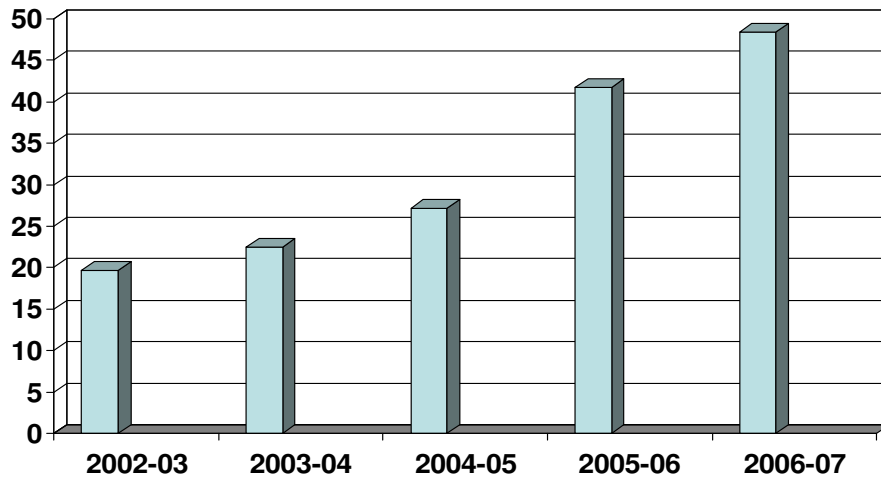
Operational Highlights	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sactions	206.06	215.85	447.36	525.94	741.46	1257.02	1502.89
Disbursements	161.18	203.04	418.65	468.54	633.76	1110.3	1472.87
Cumulative Disbursements	1033.95	1236.99	1655.64	2124.18	2757.94	3868.24	5341.11

Financial Highlight	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Gross Revenues	103.06	115.42	130.31	146.89	163.82	226.8	332.29
Profit After Tax	16.37	17.07	19.62	22.4	27.1	41.71	48.4
Shareholders' Funds	111.19	115.58	119.91	131.7	189.59	270.66	365.67
Share Capital							
Equity	35.8	35.8	35.8	35.8	50.12	50.12	50.12
Preference	12.75	7.75	5	5		17.66	24.16
Others						2.5	2.5
Reserves and Surplus	62.65	72.03	79.11	90.9	139.48	200.37	288.49
Borrowings from NHB,	426.59	598.4	749.15	994.44	1470.8	2192.67	3157.66
Banks Fis & Other Deposits	138.8	147.06	144.23	123.02	95.77	76.93	57.05
Housing & Other Loan Outstanding	615.35	737.93	948.04	1125.88	1529.27	2288.75	3301.97
Dividend (%) Equity	15	15	15	25*	20	25	25
Book value per Share (Rs.) Equity	28	30	32	35	38	50	56
Earnings per Share (Rs.)	4.41	4.41	5.31	6.12	7.05	8.32	9.22

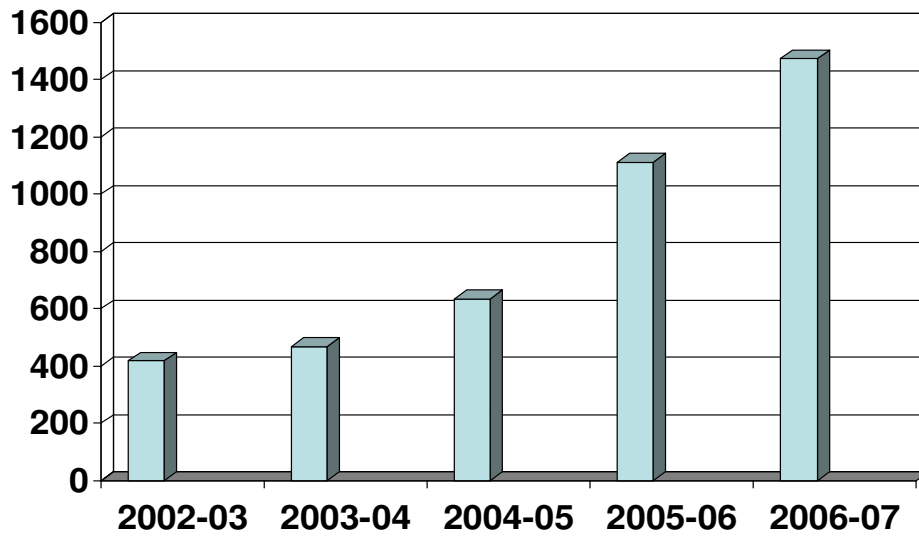
Source: www.dhfl.com

About the Business

Profit After Tax

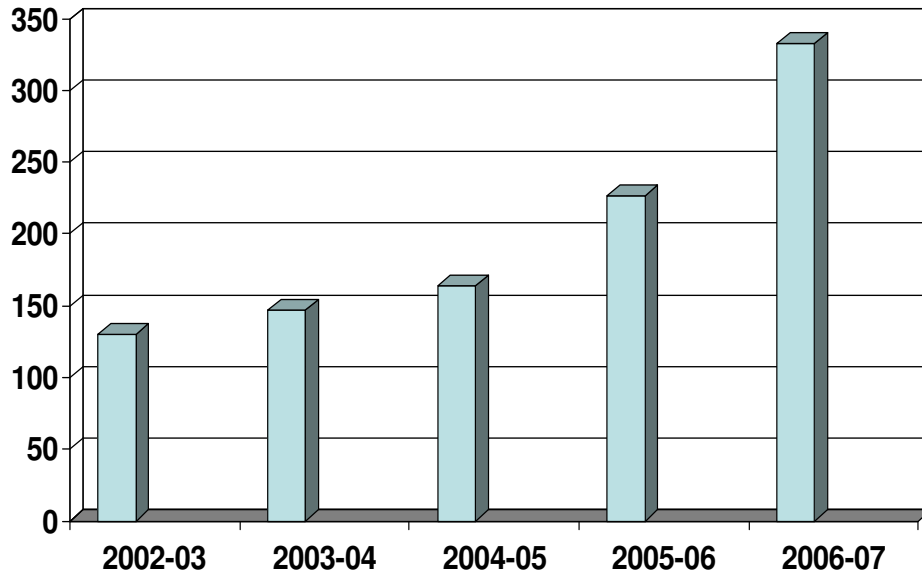


Disbursements

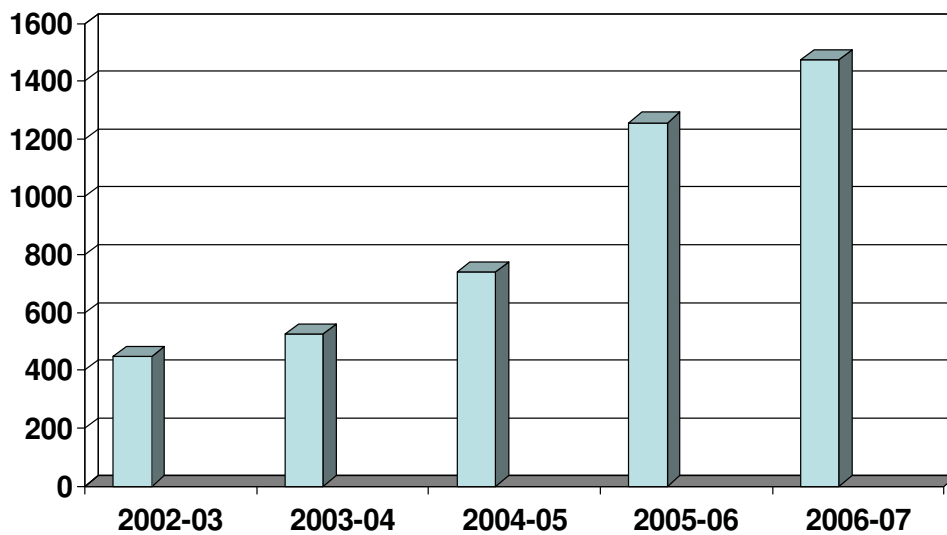


About the Business

Revenues



Sanctions



About the Business**Compounded Annual Growth Rate**

(Rs in Lakhs)	2003-04	2004-05	2005-06	2006-07	CAGR
Disbursements	46854	63376	111030	147287	46.49
Gross Revenues	14689	16382	22680	33229	31.27
Profit After Tax	2240	2710	4171	4840	29.28
Liabilities	224334	309584	455835	651668	42.68

About the Business

A) Investment in Listed

27 lakhs Equity shares of HDIL Market Price Rs 638 Value Rs.1726
Investments in MF (Liquid, money market funds) Value Rs.341.8
Investments in Equity MF Value Rs. 12.5
Cash & bank balance Value Rs. 1479
Equity investment at cost in listed cos Value Rs. 10

Total A = 3569.3

B) Investment in Subsidiary

DVHFL (Book Value 59 * 1.13 times) = Value Rs. 274.7

Total B = 274.7

A + B = Rs. 3844 i.e Rs.64 per share

C) Business Valuation

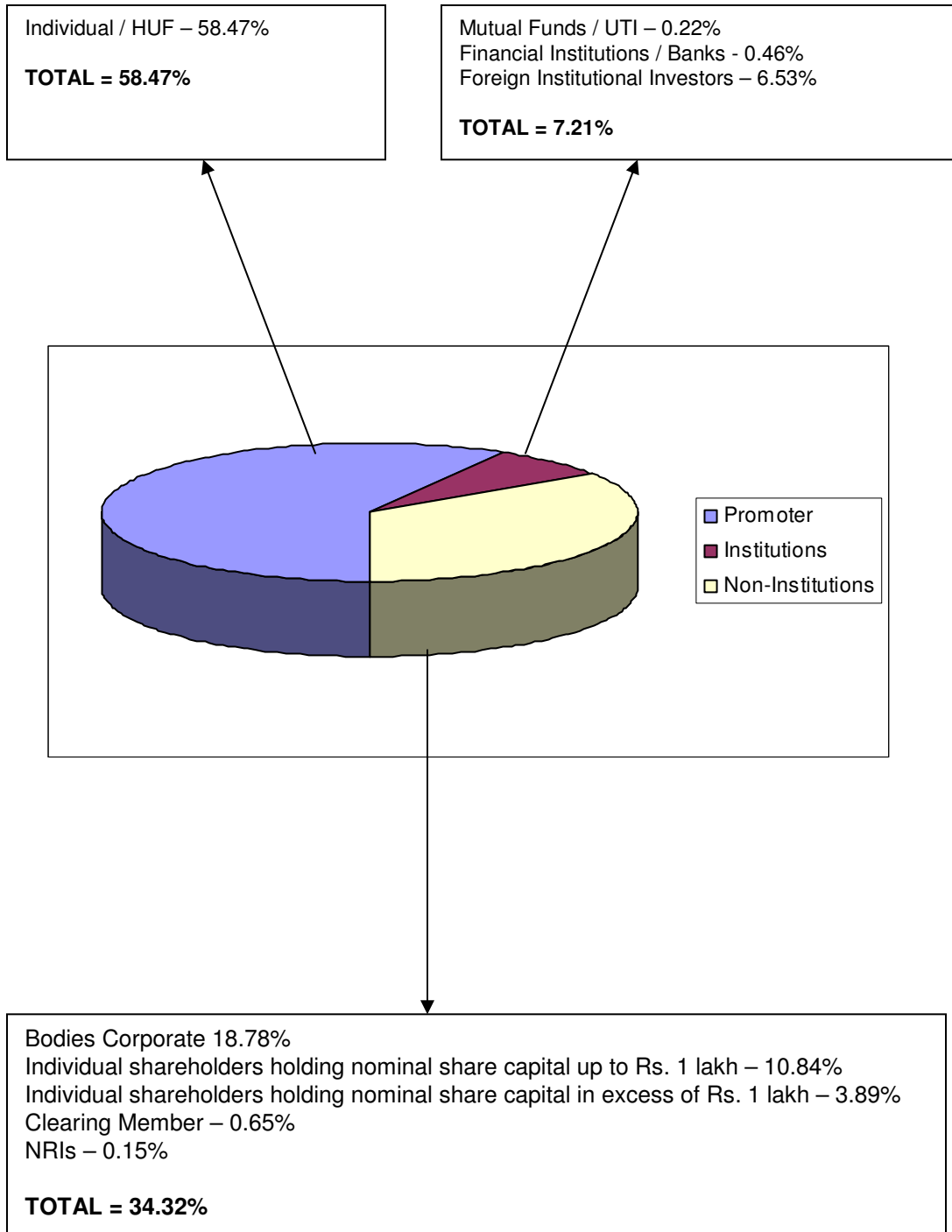
Core Business Valued at 7.5 * 13.41 FY09 Est Earnings is per Rs.100.5

Valuation :

Fair Value per share = Rs. (64 + 100.5) = Rs.164.5

We thereby set a Price target for the year of Rs.108 which represents 48% upside from CMP of Rs.73.

SHAREHOLDING PATTERN



Income Statement		(Rs. Lks.)			
Date Begin	1-4-2008E	1-4-2007E	1-4-2006	1-4-2005	1-4-2004
Date End	31-3-2009E	31-3-2008E	31-3-2007	31-3-2006	31-3-2005
Income from Operations	50399.98	44601.75	35681.40	24472.30	17862.20
Other Income	251.00	391.25	38.98	41.83	242.72
Total Income	50650.98	44993.00	35720.38	24514.13	18104.92
Interest Expended	34775.98	31530.21	24667.80	15864.80	11474.40
	31.00	29.31	30.87	35.17	35.76
Other Expenses	5274.68	4586.68	4208.39	3481.87	2307.36
Total Expenses	40050.67	36116.89	28876.19	19346.67	13781.76
PBDT	10600.31	8876.11	6844.19	5167.46	4323.16
Depreciation	258.78	235.25	215.09	159.62	122.97
PBT	10341.54	8640.86	6629.03	5007.81	4200.22
Exceptional Income		0.00		499.44	
Minority Interest	275.00	245.01	230.02	195.91	185.54
TAX	1949.38	1628.80	1246.92	949.78	798.07
PAT	8117.16	6767.05	5152.09	4361.56	3216.61
Equity	6052.00	6052.00	5012.25	5012.25	5011.61
Reserves	38647.52	37024.09	29631.40	20720.20	16071.80
EPS *	13.41	11.18	9.85	8.70	7.66

Note : EPS on enhanced equity for FY 08.

Financial Ratios					
Begin Date	1-4-2008E	1-4-2007E	1-4-2006	1-4-2005	1-4-2004
End Date	31-3-2009E	31-3-2008E	31-3-2007	31-3-2006	31-3-2005
Operating Profit Margin/PBDT (excl. O.I.)	21.03	19.90	19.18	21.11	24.20
Operating Profit Margin/PBDT (incl. O.I.)	20.93	19.73	19.29	21.28	25.56
PBT Margin	20.52	19.37	18.58	20.46	23.51
NPM %	16.11	15.17	14.44	17.82	18.01
ROE	18.16	15.71	14.87	16.77	15.25
Tax/PBT	18.85	18.85	18.81	18.96	19.00
EPS	13.41	11.18	9.85	8.70	7.66
Market Price Rs.	73**	73**	61.3*	65.2*	34.95*
Price/Earnings ratio	5.44	6.52	6.22	7.49	4.56
Market Cap Rs.lakhs	44179.60	44179.60	30725.00	32679.80	17515.50
Market Capitalisation to sales	0.88	0.99	0.86	1.33	0.98
Dividend Yield	4.2	3.83	4.08	3.83	5.72

*Market Value as on 31st march every year.

**CMP as on 1-10-2007

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